

Shell seeks more time to begin exploratory drilling off Alaska coast

August 27 2012, by Kim Murphy

As Shell Alaska's effort to begin exploratory offshore drilling in the Arctic Ocean runs up against a weather-related deadline in the Chukchi Sea, the company has asked to extend its drilling window there.

Pete Slaiby, vice president of the Alaska venture, said Sunday that the company has proposed extending the time allowed for drilling in the Chukchi by slightly less than two weeks. The current deadline of Sept. 24 was set by the U.S. Department of Interior to allow time to clean up any oil spill before the onset of winter [sea ice](#).

Meeting with reporters at an Arctic Imperative Summit here, Slaiby said the company's latest models for forecasting the onset of winter sea ice show the first Chukchi freeze-up occurring somewhat later than originally envisioned.

Drilling in the [Beaufort Sea](#), closer to shore, is already allowed through Oct. 31.

The Interior Department's Bureau of [Ocean Energy](#) Management has not yet responded to Shell's request, he said.

A deadline extension is important for Shell, which has spent more than \$4.5 billion preparing to drill its first exploratory wells off the coast of Alaska in more than 20 years. With only a few weeks before the current cutoff for drilling, Shell has yet to receive its final federal permits to begin.

The result has been a nail-biter for the global energy company, which is facing the possibility of missing yet another full drilling season in the Alaskan Arctic and postponing operations until 2013.

Shell now expects to complete no more than one well in each of the Beaufort and Chukchi seas this year - if that.

The primary obstacle to launching operations has been completion of a vessel to carry and deploy an oil [containment system](#) in the event of a spill. The Arctic Challenger has been delayed in shipyards at Bellingham, Wash., undergoing a complex retrofit marred by repeated complications.

Slaiby said Sunday he expected that the Arctic Challenger's construction and certification could be completed by the end of this week, allowing the vessel to embark on the two-week journey to the Arctic.

"It could happen quickly. We're very optimistic," he said. "We're down to very, very little left" to complete before receiving U.S. Coast Guard certification.

Rear Adm. Thomas P. Ostebo, commander of the U.S. Coast Guard's 17th District in Alaska, said Sunday that sea trials for the Arctic Challenger were expected to take place Wednesday or Thursday.

"As far as the (certificate of inspection), they could be underway by the end of the week or early next week," he said.

Slaiby said Shell has sent a letter to the [Interior Department](#) suggesting that the company's reading of its permits could allow Shell to start drilling top holes - not touching any hydrocarbon areas - while the Arctic Challenger is en route.

If the company is not able to reach hydrocarbon zones in the [Chukchi Sea](#) by the original deadline of Sept. 24, he said, engineers might, under [Shell's](#) proposal, begin drilling top holes for next summer's 2013 [drilling](#) season.

"We would not be allowed to deepen a well into hydrocarbon zones after Sept. 24," he said.

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Citation: Shell seeks more time to begin exploratory drilling off Alaska coast (2012, August 27)
retrieved 27 April 2024 from
<https://phys.org/news/2012-08-shell-exploratory-drilling-alaska-coast.html>

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